



Aquila

Larissa Long
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RECEIVED

NOV 06 2007

November 1, 2007

CITY MANAGERS OFFICE
LAWRENCE, KS

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

David Corliss, City Manager
City of Lawrence
P. O. Box 708
Lawrence, KS 66044

Re: Franchise Transfer Consent Request

Dear Dave:

As you know, Aquila entered into an Asset Purchase Agreement with Black Hills Energy earlier this year. We expect the transaction to close during the first quarter of 2008.

Our franchise with the City requires us to provide a written request for approval to assign the franchise. In accordance with that requirement, please find enclosed a Franchise Transfer Consent Request.

If you or the Mayor and Commissioners would like additional information about the Asset Purchase Agreement or our request for assignment, please let me know. I'll be happy to meet with you and/or request time on a future meeting agenda.

Thank you for your assistance in this matter, Dave.

Sincerely,

Larissa Long

Encl.



Aquila

November 1, 2007

VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

City of Lawrence
P. O. Box 708
Lawrence, KS 66044

Attn: Mayor Sue Hack

Re: Franchise Transfer Consent Request

Dear Mayor Hack:

Pursuant to Ordinance No. 7155, Aquila, Inc. (f/k/a Kansas Public Service, a division of UtiliCorp United Inc.) ("Aquila") holds a franchise to sell natural gas to the City of Lawrence (the "City") and its residents (the "Franchise"). On February 6, 2007, Aquila entered into an Asset Purchase Agreement (the "APA") under which Aquila will transfer its gas utility operations in Kansas to Black Hills / Kansas Gas Utility Company, LLC ("Black Hills"). Aquila anticipates that this transaction will close during the first quarter of 2008.

As of the closing of the transaction and subject to the terms and conditions of the APA, Aquila will assign the Franchise to Black Hills, and Black Hills will assume Aquila's obligations under the Franchise. Pursuant to Section 11 of Ordinance No. 7155, Aquila hereby requests that you approve the assignment by signing and returning the enclosed copy of this letter.

By signing this letter, you acknowledge and agree that:

1. The person signing below has the authority to sign and deliver this letter agreement on your behalf.
2. You consent to the assignment of the Franchise to Black Hills by Aquila, and to the assumption by Black Hills of Aquila's obligations under the Franchise, in each case as of the closing of the transaction contemplated by the APA.
3. This consent will remain in effect, without regard to when the closing of the transaction under the APA occurs, except that if the closing does not occur and the APA is terminated, the consent you have provided will automatically terminate as well.

I will be contacting you soon to address any questions you have regarding this matter.

Please sign below where indicated and return a copy of this letter to Michelle Torline by fax at (816) 983-8080 or by email at mtorline@blackwellsanders.com. Thank you in advance for your prompt attention to this matter.

Very truly yours,

Aquila, Inc.

By: Larissa Long

Name: Larissa Long

Title: External Affairs Manager - Kansas

**Acknowledged, Agreed to,
and Accepted by:**

The City of Lawrence

By: _____

Name: _____

Title: _____